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PROBE BOMBSHELL — CASEY LINKED TO CONTRAS



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CIA director William Casey's testimony may be refuted by latest evidence.

By NILES LATHAM and ELI TEIBER
WASHINGTON — Startling new evidence emerged yesterday indicating there was widespread knowledge as early as last spring among U.S. intelligence and law enforcement agencies that Iran arms sales funds were being diverted to the contras.

A paper trail of incriminating documents could refute CIA director William Casey's insistence that he first learned of the scheme from New York businessman Roy Furmark on Oct. 7.

The documents, requested by the Senate Intelligence Committee, were delivered late yesterday.

Casey emerged from a second day of closed-door grilling by a House committee and denied knowing of the contra connection last spring.

"That's wrong," he said. "I first learned about this when [Attorney General Edwin] Meese told everybody."

But he admitted having raised questions "right away, early on" after his conversations with Furmark.

The potentially incriminating documents — all of which were automatically routed to Casey's desk — include:

- Coded "back channel" messages early last summer from the U.S. ambassador in Lebanon, John Kelley, to White House officials indicating that Iran was being overcharged for U.S. weapons.

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- Top secret National Security Agency intercepts indicating the profits were being siphoned off.

Those documents, including conversations with Lt. Col. Oliver North and Israeli and Iranian arms dealers about contra funds, led Meese to launch his Irancon probe and prompted President Reagan to fire North.

- As early as the beginning of 1986, Casey was getting messages from CIA stations in Honduras, El Salvador and Costa Rica indicating increased contra supplies and funding.

- Messages from Central America monitoring the activities of retired Maj. Gen. Richard Secord, a key Irancon and contra aid figure.